



NEWS RELEASE

For Immediate Release – July 31, 2014

Contact: Gerald Rome, Securities Commissioner at 303-894-2320

SECURITIES COMMISSIONER SANCTIONS CALIFORNIA WARRANTY SERVICE COMPANY

Denver --- Colorado Securities Commissioner Gerald Rome announced today that he has entered a final cease and desist order against a California technology company and its executives for allegedly violating the securities registration and broker-dealer licensing provisions of the Colorado Securities Act (the “Act”) in connection with the offer and sale of securities in Colorado.

Service Team, Inc., its president, **Carlos Arreola**, and vice president, **Robert L. Cashman**, all located in Villa Park, California, are named in the order.

The staff of the Division of Securities, a Division of the Department of Regulatory Agencies (DORA), alleged that in February 2013, Service Team, Arreola, and Cashman offered and sold 50,000 shares of Service Team at \$.50 per share to an elderly widow in Montrose, Colo. Service Team was promoted as a technology company that services and repairs electrical appliances under warranty, and the stock was touted as a growth and value stock. Service Team, Arreola, and Cashman employed an unlicensed broker-dealer and sales representative who solicited the investment by cold-calling investors. The Staff alleged that Service Team, Arreola, and Cashman failed to register the security offering and employed an unlicensed broker-dealer and sales representative.

“Any investor should be particularly leery of unsolicited offers to purchase securities through cold-calling, especially when they are offering penny stocks,” said Commissioner Rome. “Penny stocks are low priced securities that lack information and have poor liquidity, making them an easy target for fraudsters.”

The cease and desist order, which Service Team, Arreola, and Cashman agreed to, orders the parties to immediately and permanently cease and desist offering or selling any security in or from Colorado in violation of the registration and licensing provisions of the Act or otherwise engaging in conduct in violation of any provision of the Act. As part of the agreement, Service Team, Arreola, and Cashman have rescinded the sale and returned the investor’s money.

A copy of the order can be obtained from the Division by calling (303) 894-2320.

*The **Colorado Division of Securities** is responsible for the administration and enforcement of the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act. The Division licenses and regulates stockbrokers and investment advisers and the securities investments they offer, sell, and advise about in Colorado. The Division also investigates cases of alleged securities fraud.*

***DORA** is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.*

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